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Development. (1958) Department.

MS SERIES.

G.O. No. 6887

Dated 7.12.1948

[Despatch Abstract.]

Subject: Cinchona - Recommendations of the Retrenchment - and Reorganisation Committee Constitution of a Board for Cinchona Department - Papers Recorded.

CINCHONA DEPARTMENT.

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From

M.A.,
A.Y. Swamy Esq., M.Sc.
Tech., (Manchester):
Director, Cinchona Department,
OOTACAMUND.

To

The Secretary to the Government of ~~Ind~~ Madras,
Development Department,
Fort St. George, Madras.

Rc. No. 2789.A2/48, dated 29th September 1948.

Sir,

Sub:- GOVERNMENT COMMERCIAL UNDERTAKINGS - Management - Constitutions of a Board - Recommendations of the Retrenchment & Re-Organisation Committee -

Ref:- Development Department memorandum No. 83669-K/48-1, dated 31st July 1948.

* * *

1. I submit below my remarks on the recommendations of the Retrenchment and Re-organization Committee regarding the management of Government Commercial Undertakings in so far as they concern this department.

2. The activities of this department are shaped with the ultimate object of serving the general population direct and through the Medical Services. No special sections have been opened during the war for the production of goods specifically for war purposes. Though during the war years, the increase in the production of quinine and quinine products, the implementation of a scheme of cultivation of cinchona and extraction of alkaloids by a short term method and the undertaking of the construction of a Modern quinine Factory were considered as contributing towards war efforts, yet the fact remains that the different items of the work were introduced in order to achieve the object of increasing the quinine production for the country as a whole and to march ahead towards making the country self-sufficient in its quinine requirements. The work of the department has not been caused to be brought into existence through and owing to the implementation of the concerned control orders but on the contrary the controls were imposed in order to ensure sufficient safety for the correct and equitable distribution of the products. The abolition of the controls will not therefore reduce the shpere of work of this department; if any thing, sales and production are likely be increased.

3. As has been mentioned above, the working of this department has not been based on the mere idea of profit earning alone. Service to the cause of public health is one of the main objects of the working of the department. Though the accounting of the transactions relating to this department is cast in a commercial form, the activities of the department cannot strictly be construed as coming within the term "BUSINESS PROPOSITION". In reference to this position the following factors come up for being examined for the purpose of determining as to the necessity or otherwise for constituting a Board to help the administration and the Technical staff with advice for ensuring efficiency in work. The details of the activities played by the Railway, etc., Boards are not available but it is presumed that in general such Boards give advice to the administrations,

~~trations~~ concerned on matters connected mainly with fostering interests of the public and with arranging the economical procurement of materials, etc.

(a) Technique of Cinchona Cultivation:- Technical Officers and staff possessing a wide range of knowledge and experience of the economic cultivation of cinchona are employed and the application of their knowledge and experience to obtain practical results is guided by the Director. Maximum production at minimum cost consistent with preserving the legitimate rights of the labour is the cardinal principle of the concern. To achieve this result, (i) the bounties of the soil: (ii) the methods of scientific cultivation; (iii) the scope for enriching the technique of cultivation; and (iv) the extent of adoption of the results of scientific research: are being utilised. The exploitation of land suitable for cinchona cultivation is also another point. Different schemes are under way to improve the yield and quality of the plantations and a few of them are: (i) the scheme for using manure to help a rapid growth of cinchona; (ii) research on vegetative propagation of cinchona; all aiming at production at lowest possible cost.

*growth

(b) Manufacture of quinine and quinine products:

The process employed by the department is not open for public information and its details are considered as secret. A qualified Manufacturing Chemist is in immediate charge of the Manufacture assisted by Assistant Chemists and an experience Factory Overseer. Special control is being exercised by the Director over the different items of the work and utmost care is being bestowed on every detail of manufacture ~~so as the actual manufacture is concerned,~~ to ensure maximum efficiency. Business experience does not obviously play any important and inevitable role in so far as the actual manufacture is concerned.

(c) Purchase of bark, stores, oils, chemicals, etc:-

To supplement the quantity of cinchona bark obtained from the Government Plantations, bark is purchased from private planters, and occasionally from the Government of Bengal. The possibility of arranging such purchases from foreign sources, such as from Java, is not definite at this stage though we have purchased Java, ~~is not~~ bark in previous years. Price for purchase from private plantations is fixed at specific intervals after examining at great length the several aspects concerned. Stores, Oils, Chemicals, etc., required for use in the quinine factory and the Cinchona Plantations are purchased according to the general procedure for fixing up contracts for the supplies concerned, after calling for tenders. The individual business knowledge and experience on the part of the officers are pooled and utilised to the utmost advantage to fetch efficient practical results specially in the matter of purchasing costly chemicals and other requisites. Efficient use is also made of the Indian Stores Department at Delhi and other ~~- so made of t~~ Foreign departments in this connection. ~~The constitution of a foreign departments in this connection. The constitution~~ The constitution of a Board on this account may not therefore be of any great advantage.

(d) Sale of manufactured products: The prices of quinine products etc. are fixed on the basis of actual cost of production after allowing for only a very narrow margin of profit and not on a competitive basis with reference to the prevailing market rates. The sale price of the various manufactured products are fixed by Government from time to time. Foreign quinine and synthetics may attempt here after with

greater force to capture the Indian market and to hold sway. It will be necessary to look ahead for such contingencies and start concerning measures to counteract them. In a way this point has been and is engaging the attention of the department. The necessity for making propaganda and publicity through advertisements, radio talks and the issue of pamphlets etc., regarding the efficacy of the products and their availability is also kept in view.

Generally in all major industries, marketing of the finished products is given the maximum attention and it has been developed into an art. For this purpose they have expert businessmen who advise the industries on margin of profit to be adopted, advertisements for products, commission to be allowed to wholesalers and retailers on the sale of the products, etc. But as our method of distribution is totally different and Government are still continuing controls, the position is quite different. But again, in view of the accumulating stocks of cinchona products and competition and the actual method of distribution through post offices, etc., are better reviewed by some expert board who may eventually advise Government on their policy regarding distribution of cinchona products. & from synthetics afeal that the policy of control over distribution

4. In consideration of the several points mentioned in the foregoing paragraphs, I submit that only for the purpose of arranging the efficient marketing of our finished products it will be desirable to constitute a Board consisting of expert business magnets to advise the Government. It is however presumed that the department will not have to bear any additional expenditure connected with the working of the Board. The other factors concerned do not indicate any vital necessity for the constitution of a Board.

Yours faithfully,

(Sd x x/30.9.48.

For DIRECTOR, CINCHONA DEPARTMENT

/True copy/

Superintendent,
.8.53.
Madras Record Office.

mr. 1.8.

1948

GOVERNMENT OF MADRAS.

MABSTRACT.

CINCHONA - Recommendations of the Re-trenchment and Re-organisation committee - Constitution of a Board for Cinchona Department - Papers Recorded.

DEVELOPMENT DEPARTMENT.

G.O. Ms. No. 6027 dated 7.12.48.

Read the following:

From the Director, Cinchona Department
Rc. No. 2789 A2/48, dated 29.9.48.

ORDER:

RECORDED.

(By order of H.E. the Governor)

(Sd) x x
Secretary to Government.

To the Director, Cinchona Department, Ootacamund.
Copy to Finance Department.

/True copy/

Office Assistant,
Madras Record Office.

mr. 20-8-